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September 16, 1994

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Honorable Anna G. Eshoo
U.S. House of Representatives
1505 Longworth House Office Building
Washington, D.C. 20515

Dear Congresswoman Eshoo:

Thank you for your letter regarding the Commission's Billed Party Preference (BPP) proceeding. I appreciate your comments. On May 19, 1994, the Commission adopted a Further Notice of Proposed Rulemaking in this proceeding. I have enclosed a copy of the Further Notice and press release accompanying it for your information.

The Further Notice sets forth a detailed cost/benefit analysis of BPP. This analysis indicates, based on the available data, that the benefits of BPP to consumers would exceed its costs. The Further Notice seeks comment on this analysis and asks interested parties to supplement the record concerning the costs and benefits of BPP. The Further Notice also invites parties to recommend alternatives to BPP that could produce many of the same benefits at a lower cost.

The Further Notice also explicitly seeks comment on whether correctional facility telephones should be exempt if BPP is adopted. Specifically, the Further Notice seeks additional information on the effectiveness and costs of controlling fraud originating on inmate lines with or without BPP. The Further Notice also seeks comment on a proposal to exempt prison telephones from BPP if the operator service provider adheres to rate ceilings for inmate calling services.

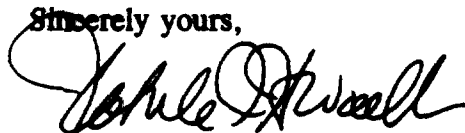
BPP would not preclude prison officials from blocking or limiting inmate calls to specific telephone numbers in order to prevent threatening and harassing calls. Moreover, BPP would not affect the ability of prison officials to limit inmates to collect calling or to program telephone equipment at the prison site to block certain numbers.

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Thank you for your interest in this proceeding. I can assure you that the Commission will carefully examine all of the comments submitted in response to the Further Notice, including additional empirical data regarding the costs and benefits of implementing BPP and the impact of BPP on telephone service from correctional facilities.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Kathleen M.H. Wallman', written over a circular stamp or seal.

Kathleen M.H. Wallman
Chief
Common Carrier Bureau

Enclosures

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NORTHERN CALIFORNIA
REGIONAL WHIP

August 11, 1994

The Honorable Reed Hundt, Chairman
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

Dear Chairman Hundt:

I write to express my concern about the FCC's proposed rulemaking to implement a Billed Party Preference system which would route telephone calls via the long distance carrier chosen by the party paying for the call.

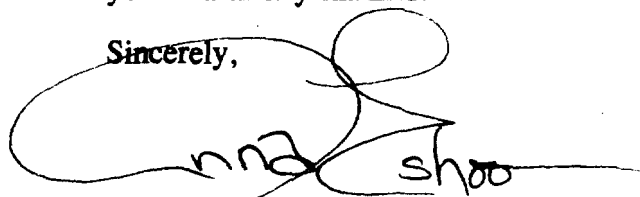
Currently, collect calls made by dialing "0" followed by a phone number are sent to the operator services provider (OSP) to which the owner of the premises pre-subscribes for phone service. In addition to this service, subscribers often receive a portion of the revenue made by the OSP.

This revenue has been extremely important to some state and county correctional facilities in California which use the funds to provide essential educational and rehabilitation services for inmates. Last year in San Mateo County, California over \$300,000 in revenues were produced from inmate phone calls which helped to finance adult education, GED, job training classes, substance abuse, and family counseling.

Commissioner Hundt, while I understand the necessity of providing more "user friendly" operator phone services, I am concerned that the proposed rulemaking will severely limit the ability of local correctional facilities to maintain important education and rehabilitation programs. I urge you to respond as soon as possible to these concerns as well as comment on the costs and benefits of exempting correctional facilities from this rulemaking provision.

I appreciate your consideration of this important matter and look forward to hearing from you in a timely manner.

Sincerely,



Anna G. Eshoo
Member of Congress

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